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March 15, 2001

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FROM: *for*  J. Tyler McCauley
Auditor-Controller

SUBJECT: **DEPARTMENT OF CHILDREN AND FAMILY SERVICES – FOLLOW -
UP REVIEW OF THE CONTRACT MANAGEMENT SERVICES
SECTION**

On October 3, 2000, your Board directed the Auditor-Controller to conduct a follow-up review on our August 27, 1998 report on the Department of Children and Family Services' (DCFS) Contract Management Services (CMS) section. CMS is responsible for all contracting activity within DCFS. As of March 2001, CMS had 934 contracts with annual funding totaling approximately \$580 million.

Scope

The purpose of our review was to determine the progress made towards implementing the 27 recommendations contained in our 1998 report, and whether corrective actions taken to date have improved performance and efficiency in the Department's contracting operations.

We reviewed documentation relevant to the Department's contracting activities, and conducted interviews with DCFS personnel, contractors, County Counsel, Chief Administrative Office and Auditor-Controller personnel. A sample of the most significant problems and related recommendations was reviewed.

Summary of Findings

Although DCFS executive management has recently initiated plans to improve performance, our review disclosed that the Department has not made significant

progress in implementing the 27 recommendations, nor has the performance and efficiency of the Department's contracting process substantially improved.

CMS staff and their contracting collaborators have expressed frustration in getting the contracting process to operate effectively, indicating that the unit still operates on a crisis basis. In addition, all parties indicated a need for improved planning and a need to clarify the responsibilities of the parties involved. The Department also needs to improve the integrity and reliability of the data produced for monitoring purposes, and the experience level and knowledge of the contract analysts can be improved through frequent and on-going training. Given the number of vacancies and the possibility of additional staff departures, staff and contractors are concerned about the unit's ability to handle the existing and increased workload.

DCFS executive management has recently initiated a number of positive steps and has committed to making continued improvements in the Department's contracting operations. These steps include:

- Reorganization of the CMS unit in order to maximize its efficiency.
- Enrollment of CMS and program staff in a two-year Government Contracts Management certificate program.
- Scheduling of additional training for all contracts staff.
- The imminent hiring of a Bureau Chief over Finance and Administration, which includes CMS.

In addition, the Department has requested assistance from the Internal Services Department in processing some contracts. The Department has also sought the assistance of a retired County employee with 20 years of contracting experience. Two contract analysts with previous contracting experience began working for CMS in February 2001. Three members of the Department's Finance Division are also temporarily assisting CMS.

Although DCFS management has recently taken actions to improve the contracting operation, sufficient time has not elapsed for these actions to significantly affect operations.

Unless directed otherwise, we will conduct another review in approximately one year at which time we will address the implementation status of the 27 original recommendations, as well as the additional recommendations contained in this report. In the interim, DCFS management needs to continue with their planned improvements, assign specific responsibility for implementing each of the recommendations and continue to actively monitor staff's progress.

Departmental Status Update

DCFS management indicates a number of corrective actions have been taken to correct deficiencies identified in this report. These actions include a comprehensive review of their contract management systems, to ensure contracting data (i.e., expiration dates, amounts, etc.) is complete, accurate and regularly maintained. In addition, a consultant with extensive experience in government contracting has been recruited to prepare a contracts policies and procedures manual. Other measures include the ongoing assessment of staff's training needs and the scheduling of additional training in areas such as Living Wage compliance.

Review of Report

We discussed our report with DCFS management on March 13, 2001. They agreed with our appraisal of the Department's progress in implementing the recommendations, and will provide your Board with a written response within 60 days of the issuance of this report.

We thank management and staff for their cooperation and assistance during our review. Please call me or have your staff call Terri Kasman at (213) 974-8475 if you have any questions.

JTM:PTM:TK

Attachment

c: David E. Janssen, Chief Administrative Officer
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee Members
Department of Children and Family Services
Anita M. Bock, Director
Robert Davis, Chief Deputy Director
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Children's Deputies

DEPARTMENT OF CHILDREN AND FAMILY SERVICES CONTRACT MANAGEMENT SERVICES FOLLOW-UP REVIEW

Background

On October 3, 2000, your Board directed the Auditor-Controller to conduct a follow-up review on our August 27, 1998 report on DCFS' Contract Management Services (CMS) section. CMS is responsible for all contracting activity within DCFS. This includes developing contracts and obtaining necessary contract clearances, handling the competitive bid process or negotiations with sole source providers, and amending and administering contracts as needed. In performing these functions, CMS must coordinate activities within the Department and between external parties such as County Counsel, the Chief Administrative Office and the Auditor-Controller.

As of March 2001, CMS had 934 contracts with annual funding totaling approximately \$580 million. CMS' staff consists of an Interim Assistant Division Chief, three supervisors, and 11 contract analysts. In addition, there are three clerical staff that support CMS' operations.

Scope and Objectives

The purpose of our review was to determine the progress made towards implementing the 27 recommendations contained in our August 1998 report, and whether corrective actions taken to date have improved performance and efficiency in the Department's contracting operations.

We reviewed documentation relevant to the Department's contracting process, and conducted interviews with DCFS personnel (i.e., executive management, CMS supervisors and staff, program managers, etc.), DCFS contractors, County Counsel, Chief Administrative Office and Auditor-Controller personnel. A sample of the most significant problems and related recommendations was reviewed.

Summary of Findings

Although DCFS executive management agrees there is a need for improvement in the Department's contracting operations and has recently initiated plans to correct the deficiencies, our review disclosed that the Department has not yet made significant progress in implementing the 27 recommendations, nor has the performance and efficiency of the Department's contracting process substantially improved.

CMS staff and their contracting collaborators have expressed frustration in getting the contracting function to operate effectively, indicating that the unit still operates on a crisis basis. In addition, all parties indicated a need for improved planning, a need to clarify the responsibilities of the parties involved in the contracting process (i.e., program management), and a need for stronger leadership in establishing the necessary mechanisms to ensure an efficient and effective contracting process.

The Department should also improve the integrity and reliability of the data produced for monitoring and controlling the contracting process, and enhance the experience level and knowledge of the contract analysts through frequent and on-going training.

However, as noted below, executive management has recently initiated a number of positive steps and has committed to making continued improvements in the Department's contracting operations. These steps include the following:

- A complete reorganization of the CMS unit in order to maximize its efficiency. The reorganization includes the creation of permanent staff assignments so as to retain the knowledge and history from previous assignments.
- The approval by DCFS management to have staff attend a two-year certificate program in Government Contract Management. Three contract analysts have already enrolled in off-site programs, and an on-site program through the University of California, Los Angeles, is scheduled to begin this spring. Eleven contract and 19 program staff are scheduled to attend.
- The scheduling of additional computer training for all contracts staff.
- The imminent hiring of a Bureau Chief over Finance and Administration, which includes CMS operations.

Given the number of vacancies and the possibility of additional staff departures, staff and contractors are concerned about the unit's ability to handle the existing and increased workload between now and the end of the fiscal year. We noted 28 Family Preservation Program (FPP) contracts are expiring June 30, 2001, all of which will require contract amendments. In addition, ten new FPP contracts will need to be negotiated for the same time period. We also noted a number of other miscellaneous contracts/programs (e.g., The Child Abuse and Neglect Prevention program, Emergency Shelter Care, etc.) that are expiring June 30, and the Department is attempting to get a number of additional programs operational prior to the end of the fiscal year. These programs include the Community Treatment Facilities, Family Preservation After Care, Health and Education Passport and the Youth Enrichment Program.

To alleviate the stress and reduce existing workloads, the Department has requested assistance from the Internal Services Department in processing some of their contracts. The Department has also sought the assistance of a retired County employee with 20 years of contracting experience, and two new contract analysts with previous contracting experience began working for CMS in February 2001. Three members of the Department's Finance Division are also temporarily assisting CMS, one being the Assistant Division Chief of Finance.

Although DCFS management has recently taken actions to improve the contracting operation, it appears that sufficient time has not elapsed for these actions to significantly effect operations.

Unless directed otherwise, we will conduct another review in approximately one year at which time we will address the implementation status of the 27 original recommendations, as well as the additional recommendations made throughout this report. In the interim, DCFS executive management needs to continue with their planned improvements, assign specific responsibility for implementing each of the recommendations and continue to actively monitor staff's progress.

Departmental Status Update

DCFS management indicates that since the completion of our fieldwork, a number of corrective actions have been taken to correct deficiencies identified in our report. These actions include a comprehensive review of their contract management systems, to ensure contracting data (i.e., expiration dates, amounts, etc.) is complete, accurate and regularly maintained. In addition, a consultant with extensive experience in government contracting has been recruited to prepare a contracts policies and procedures manual. Other measures include the ongoing assessment of staff's training needs and the scheduling of additional training in areas such as Living Wage compliance.

CMS Reporting and Monitoring Systems

CMS' Contract Management System is an automated tracking/inventory system used to improve accountability over its contracts. The system also alerts analysts and generates expiration (or "alert") notices to program staff, executive management, and contractors when contracts are nearing expiration.

Our 1998 report recommended that DCFS management move forward with a number of enhancements to their Contract Management System, including:

- A mechanism to generate reports that would alert DCFS staff (i.e., CMS, program, Budget and Finance) when available funding is at risk of being exhausted.
- A feature to detect and alert staff when funds are being expended too quickly in relationship to contract deliverables.
- A feature to monitor project timelines (i.e., specific dates/events in the contracting process) to ensure projects are kept on schedule.

We reviewed several aspects of the Department's Contract Management System, as well as its other reporting/monitoring mechanisms. Based on our review, it appears the recommended enhancements have not been made. In addition, the systems and the reports they generate are generally incomplete/unreliable.

Alert Notices

Alert notices are used as a mechanism for notifying parties that a contract is nearing expiration so that plans to execute a successor contract can be initiated. We reviewed the CMS “Alert” notice feature and noted:

- Seven instances where first notices were not sent within established criteria (i.e., within 306 days, or 10 months prior to contract expiration). In one of these instances, the first notice was not sent until 101 days prior to contract expiration.
- One instance where the first, second and/or third notice was sent at different intervals than a contract with the same term. In addition, the contract’s third notice was sent after the contract had expired. Although the program specifications allow for this to occur, it is our opinion that the final alert notice should be sent prior to contract expiration.
- Five instances where final notices were not sent at all.

Our interviews with CMS and program staff and DCFS contractors confirmed that alert notices are not always received, and/or the notices are inaccurate (i.e., incorrect expiration date). In one instance, a contractor received a notice indicating that his contract was expiring on April 30, 2001. However, the contract term had been extended but the CMS system had not been updated to reflect the change. In another instance, the contractor indicated that the alert notice did not specify which contract was expiring of several existing contracts the contractor had with the Department.

CMS management and staff could not explain the discrepancies, nor was it clear what the criteria was (i.e., the number of days prior to contract expiration) for notifying contractors and staff that their contracts are nearing termination. Staff did indicate that due to other contract priorities, the CMS system is not updated on a regular/consistent basis, making the data and reports generated from this system both incomplete and unreliable. Another indication that the system is not reliable is the fact that DCFS’ Director requested that County Counsel implement a system to alert the Department of contracts that are nearing expiration.

Expenditure Reports

Currently, DCFS Finance generates a monthly expenditure report summarizing contractor expenditures to date. Finance annualizes the data and provides it to program staff to alert them of funds that are at risk of being exhausted. Program staff reviews the data and decides whether or not there is a need to amend the existing contract.

While a good control for monitoring contractor expenditures, we noted a number of additional steps that are performed by program and CMS staff in reviewing contractor expenditures, some of which appear to be repetitive and/or inconsistent. For example,

program staff prepare an "Estimated/Actual Expenditure Report" for each contract summarizing monthly expenditures to date. The Estimated/Actual reports are submitted to CMS, where clerical staff input the date the reports are received into the CMS system. This date is used by clerical staff to follow-up on the timely receipt of the Estimated/Actual reports. However, we noted that the Estimated/Actual reports are not prepared on a regular/consistent basis, nor do they appear necessary given the procedure described above.

Based on the above, there appears to be some inefficiencies/inconsistencies over the review of contract expenditures. In addition, several of the contract analysts appeared unclear as to the specific responsibility for taking corrective action (i.e., initiating a contract amendment). Accordingly, DCFS management needs to evaluate the existing process and eliminate any duplicative steps. In addition, management needs to clarify the roles of the parties involved in reviewing contractor expenditures and ensure procedures are modified accordingly.

Current Contract Project's Report

In November 2000, the Department created the "Current Contract Projects" report to monitor the activity of contracts in the planning stages. The report was implemented at the request of the Chief Administrative Office in an effort to monitor project timelines, including Board filing dates and County Counsel, Chief Administrative Office and various other review dates. The report is maintained by a system independent of CMS' existing Contract Management System.

Our review disclosed that the Current Contract Projects report is incomplete and inaccurate. CMS management and staff indicated that due to other contract priorities, the system is not routinely maintained, resulting in incomplete and inaccurate data. Accordingly, the reports produced from this system are generally not used.

At the time of our review, staff were instructed to fully complete and update the report. This process included a review of hundreds of contracts to ensure the accuracy of expiration dates, contract amounts, Board filing and County Counsel review dates, etc. The review also included an investigation to determine if contracts needed to be added or deleted from the report.

Other

CMS management and staff could not readily provide us a complete inventory of its contracts and their annual contract funding amounts. Although it appears this data should have been available through the section's existing Contract Management System, the data had to be compiled from a variety of sources from throughout the Department. The Department was also unable to readily provide us an inventory of its Proposition A contracts.

Summary

It appears the Department's systems for monitoring and controlling its contract activities are incomplete and unreliable. On several occasions, CMS management and staff indicated that due to other contract priorities, system updates are not routinely made. This has resulted in the creation of reports that are neither complete nor accurate.

DCFS management indicated that in an effort to improve accountability of their contracts, Finance records are being reconciled with those from CMS. This will help to identify contracts that are not currently captured in CMS' existing systems.

While a positive step towards improving contract accountability, DCFS Executive management needs to continue to implement the recommendations from our prior report, as well as the recommended actions discussed below.

To improve the Department's ability to coordinate and monitor its contracting efforts, and to minimize duplication of effort, DCFS Executive management needs to evaluate its reporting needs and develop and implement a system that will accommodate those needs. The evaluation should include all parties (i.e., CMS, Budget and Finance, program, County Counsel, etc.) that participate in the contracting process. In addition, DCFS Executive management should monitor to ensure the systems are regularly maintained/updated, resulting in reports that are both current and reliable. Finally, DCFS Executive management needs to re-evaluate timeframes for sending first, second and final "Alert Notices" and modify procedures accordingly.

Recommendations

DCFS Executive management:

1. **Identify the reporting needs of the parties that participate in the contracting process and develop and implement a system or systems that will accommodate those needs while minimizing duplication of effort.**
2. **Ensure the system(s) is maintained/updated regularly.**
3. **Re-evaluate timeframes for sending first, second and final "Alert Notices" and adjust procedures accordingly.**

Compliance with County Contracting Requirements

Our 1998 report recommended management ensure program managers comply with County contracting procedures. Specifically, it was noted that DCFS program management instructed contractors to begin work prior to the contracts being signed.

Since the issuance of our 1998 report, we noted several instances where DCFS did not comply with established County contracting procedures when developing contracts. For example, DCFS program management instructed some Foster Family Agency service providers to begin working under a new contract prior to development of the contract. In another instance, the contractor was being reimbursed under a Purchase Order (P.O.) through the Internal Services Department. However, when the maximum amount payable under the P.O. was reached, the program manager instructed the contractor to continue working while he negotiated a new contract. According to County Counsel, DCFS cannot legally reimburse contractors for costs they incur before obtaining a signed/executed contract.

In both instances, it appears that a lack of planning and coordination among County contract collaborators may have contributed to the Department's inability to comply with County contracting procedures.

Contract Development Process

The August 1998 audit recommended the Department take a "Team Approach" to the contract development function, which includes early and on-going participation by all parties that participate in the process (i.e., program staff, County Counsel, etc.). The audit also recommended that steps be taken to ensure contracting activities are well planned and coordinated to allow sufficient time for CMS' contract collaborators to respond to specific contracting requests.

Our current review disclosed a continued need to improve the planning and coordination of contract activities, as follows:

- CMS staff indicated that program staff do not appear to be clear as to their role in the contracting process. For example, CMS indicated that program staff do not always respond timely to contract requests, nor do they provide the input necessary to adequately prepare the contract's Statement of Work.
- Program staff agreed with the need to clarify the roles of the parties involved in the contracting process, and a need to establish timeframes for better accountability. In addition, program staff indicated that analysts need to become better acquainted with Departmental programs, and, overall, better planning is needed to ensure a consistent, timely and effective process. In several instances, program staff indicated that their contracts were put aside while the analysts attended to higher priority assignments.
- CMS and program staff indicated that decisions or actions that affect both sections are not always communicated in a timely manner. For example, one program manager indicated that he submitted program data to CMS for development of an RFP. CMS notified him approximately six months later that an RFP process would not be necessary.

- Contractor personnel indicated that the planning process can be improved. For example, one contractor indicated that he had to educate the analyst, due to the analyst's unfamiliarity with the contracting process. The contractor suggested a more efficient and effective approach to the contracting process would include periodic meetings with all parties (i.e., program, CMS, contractor personnel, etc.) to develop the contract and resolve contract issues. In fact, the contractor indicated that a meeting was scheduled with CMS and program staff; however, the CMS analyst did not show up for the scheduled meeting.

Two contractors indicated that they had to sign their contracts before reviewing final Departmental changes. Otherwise, the contracts may not have been executed on time.

- County Counsel, Chief Administrative Office (CAO) and Auditor-Controller personnel indicated that the contracting process is still crisis driven, and rarely are they provided with sufficient time to respond to contract requests. In fact, they are often expected to complete their reviews within unrealistic timeframes. For example, CAO personnel indicated that on occasion, CMS staff would ask that she complete her review within two days.
- Budget staff indicated a need for improved communications with both program and CMS staff. For example, budget staff indicated that CMS does not always notify them timely of contracts that have been approved. In order to authorize use of funds, budget staff need to be immediately notified of the contract's final execution. In addition, budget staff need to be notified of contracts that are ultimately not executed, so that available funding can be reallocated.

It appears the previous recommendations pertaining to the contract development process have not been implemented. Accordingly, DCFS Executive management needs to continue to monitor the implementation of our prior recommendations, as well as develop and implement a mechanism for ensuring individuals involved in the contracts' process are held accountable for timely completion of tasks. To accomplish this, DCFS Executive management should consider adding contract development goals to management and staffs' annual performance evaluations. In addition, to ensure a timely and effective contract operation, DCFS Executive management needs to develop and implement a comprehensive contracting plan (i.e., an annual, three-year and five-year plan) that includes input from all parties in the contracting process.

Recommendations

DCFS Executive management:

- 4. Develop and implement a mechanism for ensuring individuals are held accountable for timely completion of tasks related to the contracts process.**

5. **Develop and implement a comprehensive contracts plan (i.e., an annual, three-year and five-year plan) that includes input from all parties in the contracts process.**

Contract Monitoring

Our 1998 audit recommended DCFS management develop an inventory of all contracts and rank them according to their relative risk (i.e., child safety issues, etc.), determine the monitoring requirements of each contract and identify whether monitoring is performed internally (i.e., DCFS staff) or externally (i.e., Auditor-Controller staff) and how often.

CMS management and staff indicated that these actions have not been taken, nor has the monitoring of its contracts been significantly enhanced. According to CMS, this is primarily due to its limited resources and a need to make contract development a priority.

The Interim Assistant Division Chief, CMS, indicated that he has proposed a total of five positions to establish a contract monitoring unit. Executive management is in the process of evaluating the proposal, including when they will be capable of hiring the staff.

Living Wage Ordinance

On June 22, 1999, the Board of Supervisors adopted the Living Wage Ordinance (LWO), applicable to Proposition A and cafeteria services contracts. The LWO requires certain firms contracting with the County to pay their employees a wage of no less than \$9.46 per hour, or \$8.32 per hour with an additional hourly contribution of \$1.14 for health care coverage.

Monitoring contractors' compliance with the living wage is a joint responsibility of the contracting department and the Office of Affirmative Action Compliance (OAAC). Departments' responsibilities include monitoring of contractor monthly reports, conducting periodic contractor site visits, and inputting information related to contracts into the ISD County Contract database within five business days of the contract award. The database, which contains contractor performance and compliance data, was implemented at the Board's direction in an attempt to provide departments with an information resource for selecting contractors.

Our review disclosed that the Department is not monitoring contractors' compliance with the living wage, nor are they inputting contractor information into the ISD County Contract database, as required. CMS management indicated that the monitoring function will ultimately be performed by the new contract monitoring unit once established. In addition, as part of CMS' recent reorganization, the new contract administration section will begin to input data into the ISD County Contract database.

To ensure contractor compliance with the LWO, DCFS Executive management needs to immediately implement the departmental contract monitoring procedures contained in chapter 10 of the LWO Training Manual. In addition, DCFS Executive management needs to develop and implement procedures for maintaining contractor information on the ISD Contract database, and immediately update the database. The procedures should include a mechanism for inputting contractor compliance related issues, as well as a mechanism for checking contractor performance prior to awarding contracts.

Recommendations

DCFS Executive management:

- 6. Immediately implement the departmental contract monitoring procedures contained in chapter 10 of the LWO Training Manual.**
- 7. Develop and implement procedures for maintaining contractor information on the ISD Contract database, and immediately update the database. The procedures shall include mechanisms for inputting contractor compliance related items, as well as steps for checking contractor performance prior to awarding contracts.**

Policies and Procedures

The audit recommended that the Department develop a policies and procedures manual that details the contracting functions and procedures, and includes all phases in the contracts process. In addition, it recommended that training be provided to all appropriate staff in the use of these procedures, and for management to monitor usage and its effectiveness on the contracting process.

CMS management and staff indicated that a policies and procedures manual has not been developed. On July 1, 1998, the Department issued management directive number 98-04, which sets forth policies and procedures governing the competitive bid process and the contracting process for CMS. CMS management indicated that a significant portion of the directive is outdated. We reviewed the directive and noted that certain key functions in the contracting process are not included, as follows:

- Procedures for gathering and analyzing background information on the contract area, legal authority, fiscal impacts, and detailed plans for the coordination, development and evaluation of the contract.
- Procedures for evaluating compliance with living wage requirements.
- Procedures for preparing Proposition A contracts.
- Policies and procedures for resolving disagreements between the County and contractors.

- Policies and procedures for evaluating and rating contractor proposals, selecting evaluation committees, and completing evaluation documents.

CMS staff expressed the need for a comprehensive, detailed policies and procedures manual, providing specific guidance and examples (i.e., Board letters, etc.) of key components in the contracting process. Furthermore, they indicated that the lack of a permanent, complete policies and procedures manual makes it difficult to produce work that is consistent, accurate and complete.

Written policies and procedures and the communication of these policies by Executive management would enhance staff's ability to plan and coordinate their contract activities and enable them to develop contracts in an efficient and effective manner. Written policies and procedures also provide consistency, and they provide a mechanism for management to evaluate the Department's progress as well as individual staff performance.

Staff Development/Training

The prior audit recommended DCFS management assess the training needs of the contract analysts and request County Counsel and Auditor-Controller assistance in providing appropriate contract training. In addition, it was recommended that DCFS assess the computer skills of the contract analysts and, as practical, provide additional computer training.

Our interviews with CMS management and staff indicate that an assessment of staff's individual training needs has not been made, and staff indicated that additional training is needed in order to perform their jobs more efficiently and effectively. Many indicated that they do not receive adequate and continued training to meet the section's needs. For example, most indicated a need for additional computer training, both in spreadsheet and word processing applications.

Other parties interviewed (i.e., program staff, County Counsel, Chief Administrative Office, Auditor-Controller, etc.) indicated a need for training analysts in writing Board letters, in becoming more knowledgeable about the specific programs the Department operates, in developing Proposition A contracts, in word processing and spreadsheet applications, and in writing. These individuals stated that significant amounts of time have been spent training the analysts, and in many instances, in performing their work.

The Department provided us with two memorandums citing the times and dates of CMS training sessions offered during the past several years. The training sessions were scheduled for one and one-half and two hours in duration and were presented by the Chief Administrative Office and County Counsel, respectively. However, we were unable to determine from the documentation provided details of the training sessions including individuals that attended. Although a Board letter writing class was offered during the course of our review, several staff indicated that the class was too short, and that the data presented (verbally) was not consistent with the written instructions

provided. Two staff indicated that they did not attend due to existing contract priorities, which is oftentimes the case when training classes are offered.

Performance Evaluations

Our prior report noted that CMS annual performance evaluations were not completed for all employees. In addition, the report stated that employee performance evaluations need to be written in a manner that includes sufficient information to assess strengths and weaknesses, and identify areas for improvement.

We reviewed personnel folders for nine CMS employees and noted:

- Since the issuance of our 1998 report, it took on average 406 days for management to complete overdue performance evaluations for eight staff. In three of these instances, four or more years had elapsed since the date of the employees' previous performance evaluation. In one instance, it was the only evaluation for the employee in her five years with CMS.

Most of the evaluations were written in 1999, from what appears to be a Department-wide effort to have performance evaluations completed for all DCFS employees, based on a memorandum from the Department's Interim Division Chief, Human Resources.

- As of February 14, 2001, performance evaluations for seven employees were on average 216 days past due for calendar year 2000 (one employee had left the CMS unit and therefore was not evaluated).
- The personnel folder for one CMS employee could not be located.

Performance evaluations generally did not contain sufficient information to assess employees' strengths and weaknesses, nor did they identify areas for improvement.

Standard Contract Terms and Conditions

Our last report recommended DCFS management ensure each contract submitted for County Counsel's review contains the standard County Terms and Conditions language. We met with County Counsel and found that over the past two years, staff continued to submit contracts with various forms of the standard Terms and Conditions language. County Counsel stated that the Department lost this data when its computer network failed, and the unit was not able to recreate a standard template. Accordingly, County Counsel created the template for them and the final approved language was provided to the Department during the course of our review.

We also noted through our interviews with DCFS staff, County Counsel, etc., that CMS staff are generally unable to locate the latest version of a contract or Board letter. Based on this, it appears CMS lacks the resources and/or the support needed to

properly maintain and/or produce data necessary for its normal operations, resulting in additional contract delays, inconsistencies and inefficiencies. Accordingly, DCFS Executive management needs to evaluate the unit's existing resources and ensure a mechanism exists for maintaining standard documents and forms such as the County Terms and Conditions language, contracts, Board letters, etc.

Recommendation

DCFS Executive management:

- 8. Ensure mechanisms exist for maintaining standard documents and forms such as the County Terms and Conditions language, contracts, Board letters, etc.**